



Medical PACE Program

Purpose: This program provides interest buydown to assist in the financing of critical access hospital medical expansion or improvement projects in North Dakota for the biennium ending June 30, 2017.

Eligibility: The qualifying critical access hospital medical facility must be located in a community of less than 20,000 in population as defined in the [2014 US Census data source](#).

Lead lender: BND or any financial institution currently qualified to participate in a loan with BND may act as the lead lender.

Participation amount: The participation percentage will be negotiated with the originating financial institution. BND's participation must be 50 to 80 percent.

Use of proceeds:

- Critical access expansion or improvement projects of healthcare facilities located in North Dakota
- Purchase of land
- Purchase, lease, erect or improve any structure or facility
- Purchase of equipment
- Proposed medical facility must have an expected utilization of at least 30 years

Interest rate:

- Construction phase: Rate will be fixed at 5.00% and the interest buydown will not apply.
- Permanent financing: 5.00% for the first 10 years.
- Thereafter, the rate will reset at a fixed rate equal to 250 basis points over the 10-year Federal Home Loan Bank (FHLB) Advance Rate at the 10-year re-pricing window, and 250 basis points over the five-year FHLB Advance Rate at the 20 year re-pricing window for the remaining amortization.
- Should the FHLB Advance Rate be unavailable for any reason at that time, the Bank shall choose an alternative index which represents a reasonable substitute.
- The interest rate on the permanent financing will qualify for up to a 4.00% interest buydown.
- The borrower's rate shall never fall below 1%.

Buydown funding:

- The maximum interest buydown amount applicable to the PACE program does not apply to the Med PACE Program.
- The Community Percentage Factor does not apply. The Bank shall provide 100 percent of the interest buydown required over the term of the loan provided the note performs as agreed.
- The maximum interest buydown shall not exceed 4.00%.

Fees:

An originating financial institution may receive service fee not to exceed 0.25%. BND may charge an origination fee and charge the borrower for all fees associated with the project or other loan servicing expenses.

Loan amount:

- Maximum loan amount may not exceed 75 percent of the project costs and is further subject to the following parameters:
 - Proposed construction project must be at least \$1,000,000.
 - Cumulative amount of loans with BND is \$15,000,000 per applicant. The cumulative loan amount will take into consideration funding received from the Bank under the Medical Facility Infrastructure Loan Fund.

Loan terms:

- The maximum term of the note shall not exceed 25 years.
- Monthly interest payments may be required during the construction period or paid at the time of conversion to permanent financing.
- The construction period must not exceed 24 months after loan approval by the Bank.
- Permanent financing requires monthly amortized payments not to exceed 25 years.

Collateral:

All loans under this program shall be secured by all available collateral interests as deemed appropriate by the Bank. The Bank will work with other alternative financing sources in perfecting collateral interests for all parties.

Additional requirements:

- An application must be submitted by the governing board of the health care facility requesting the funding to the Medical Facility Infrastructure Task Force, coordinated by the North Dakota Hospital Association.
 - The applicant must provide a detailed description of the proposed construction project.
 - The need and long-term viability of the construction project must be demonstrated.
- All applications must be reviewed and approved by the Task Force prior to the submission of the loan application to the Bank.
- The task force shall provide written notice of each approved application to BND.
- BND will require the following items before completing final due diligence and loan committee approval:
 - Application
 - Conditional and firm commitment from the Task Force
 - Evidence of approval of the building plans from the North Dakota Department of Health
 - Corporate opinion and resolution confirming the project
 - Analysis of the project
 - Insurance coverage for the collateral offered and financial reporting
 - Any other data or documentation as deemed necessary